



Prince Edward Island Île-du-Prince-Édouard

Office of the
Auditor General

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MEMORANDUM

TO: Marian Johnston
Clerk Assistant and Clerk of Committees
Public Accounts Committee

FROM: Colin Younker, CA
Auditor General

DATE: June 22, 2012

RE: Responses to Questions - Public Accounts Committee

Enclosed are responses to two questions that arose at the June 19, 2012, meeting of the Public Accounts Committee.

Please provide this information to the committee members



Colin Younker

CY/ts
Enclosure

**Information Requested by
Public Accounts Committee
June 19, 2012**

**Paragraph
Reference**

2012 Annual Report of the Auditor General to the Legislative Assembly

4.15

Provide a listing of the 31 contractual arrangements examined including the name of the contractor and the contract dates.

See attached summary information.

General

Who signed the Letter of Representation that your Office received from Tourism PEI wherein it is stated that “any conflict of interest situations involving management or staff that have occurred have been brought to your attention.”

The letter was signed by David MacKenzie, CEO, Tourism PEI and Hon. Robert Henderson, Board Chair Tourism PEI.

Tourism PEI - Sample of 31 Contractual Arrangements

	Vendor Name	Contract Value	Contract Term
1	B*Co Communicaions		Undocumented contractual arrangement. PR work Professional Fees paid \$12,000 + Expenses of \$1,770 in 2010/11.
2	B*Co Communicaions		Undocumented contractual arrangement. PR work Professional Fees paid \$25,000 in 2010/11.
3	Cirque du Soleil	Creative concept for PEI show - \$25,000.	July 14/09 to Sept 25/09.
4	DM Creative Group		Undocumented contractual arrangement. IT Work Professional fees paid \$28,400 in 2009/10.
5	Dunne Consulting		Undocumented contractual arrangement. Professional fees paid in 2009/10 and 2010/11 totalled \$23,000.
6	Golf PEI	Cost sharing arrangement: TPEI pays a portion of Golf PEI's COO's salary. Contract value over 44 months - \$183,000.	Feb 1/08 to Sep 30/11.
7	Grey Advertising LTD		Undocumented contractual arrangement. Original contract expired Oct 31/08 and renewed verbally until Oct 31/10. Advertising Services Retainer of \$48,800 / month + media buys + bonuses + commissions. Total paid in 2009/10 - \$3,937,900. Total paid in 2010/11 - \$2,225,400.
8	Hiero Marketing Consultants Inc	Advertising Services Retainer of \$20,000/month plus reimbursement of subcontracted advertising services	Dec 1/10 to June 30/13.
9	Hurrykane	Professional Fees - 2009/10 - \$35,000/year + pre-approved expenses	- Original contract Oct 1/00 - Dec 31/03 renewed via letter until new three year contract effective Apr/10 to Mar 31/13. - 2009/10 sample item was a renewal letter.
10	Hurrykane	April 1, 2010 to March 31, 2013 - declining annual payment (\$33k, \$31k, \$29k) for a total contract value of \$93,000 + pre-approved expenses.	- 2010/11 sample item was the new three year contract effective Apr 1/10 to Mar 31/13.
11	InternetWorks	IT Services \$50,902 US + \$5,000 CND.	Sept 2/08 to July 31/09.
12	InternetWorks	IT Services Developmental costs - \$868,850 Operational costs up to a max of \$885,743	Contract dated March 30/09; however, the contract terms did not disclose end date.
13	InternetWorks		Undocumented contractual arrangement. IT Services - Customer Relationship Management on demand - amount paid for this arrangement in 2009/10 and 2010/11 totalled \$55,756.
14	InternetWorks		Undocumented contractual arrangement. IT Services - Consulting Total paid for this arrangement - \$18,900 in 2010/11.
15	InternetWorks	IT Services - Postcards Professional Fees - \$24,500.	MOU dated May 10/10 for three year term.
16	InternetWorks	IT Services - iPhone app Professional Fees - \$8,500.	MOU dated July 7/10 for three year term.
17	InternetWorks	IT Services - Book PEI/Search Engine Professional Fees - \$80,000.	MOU dated March 11/10; however, contract did not disclose the contract term.
18	InternetWorks	IT Services - ITS re-write Professional Fees - \$160,000.	MOU dated July 10/10 for a three year term.
19	InternetWorks	IT Services - Usability Study Professional Fees - \$25,750.	MOU dated June 7/10 for a term of one year.

Tourism PEI - Sample of 31 Contractual Arrangements

	Vendor Name	Contract Value	Contract Term
20	Morell Area Development Corporation	Mosquito pest control for Crowbush. - 2009/10 = \$100,000	Annual contract.
21	Morell Area Development Corporation	- 2010/11 = \$94,000	
22	Price Waterhouse Coopers	Consulting. Professional Services - \$124,000.	Letter of Engagement signed Oct 17/10 with an estimated completion date of Jan 31/11.
23	Quality Tourism Services Inc	Contract for rental accomodation (a) inspections (\$50,000/year + licenses paid by operators), AND (b) water testing management (\$60,000/year).	Original contract effective Apr 1/02- Mar 31/07 and renewed via letter, including most recent renewal for 2008/09 - 2010/11.
24	Ron MacNeil	Professional Fees - \$45,230 + pre approved expenses.	Jan 1/09 - June 30/09.
25	Tourism Research Centre	Two funding agreements for Tourism Research Centre at UPEI: 1. \$625,000. 2. \$500,000.	- Letter dated Jun/08 for \$625,000 covers June/08 - April 30/10.
26	Tourism Research Centre		- Letter dated Dec 6/10 for \$500,000 covers Dec/10 to June 30/12.
27	Tourism Research Centre		Undocumented contractual arrangement. Maritime Market Study - paid \$52,600 in 2009/10.
28	Tourism Research Centre		Undocumented contractual arrangement. Visitors Guide Study - paid \$92,100 in 2009/10.
29	Tourism Research Centre		Undocumented contractual arrangement. Gay Lesbian Transgender Travel Study - paid \$10,300 in 2009/10.
30	Tourism Research Centre		Undocumented contractual arrangement. Cavendish Beach Music Festival Study - paid \$10,000 in 2009/10.
31	Tourism Research Centre		Undocumented contractual arrangement. Conversion Study - paid \$12,500 in 2010/11.

- undocumented contractual arrangements.